

**COMMONWEALTH OF VIRGINIA
VIRGINIA PUBLIC SCHOOL AUTHORITY (VPSA)**

Board of Commissioners Meeting

June 11, 2008, 10:30 a.m.

Treasury Board Conference Room, Third Floor

James Monroe Building

101 North 14th Street, Richmond Virginia

Members Present: James J. Wheaton, Chairman – Attended telephonically from Virginia Beach, VA
James M. Holland, Vice Chairman
J. Braxton Powell
David A. Von Moll
Kent C. Dickey, designee for Billy K. Cannaday, Jr. Ph.D.
Brenda L. Skidmore

Members Absent: Hady Amr
Woodrow Mullins, Jr.

Others Attending:	Jay Conrad	BB&T Capital Markets
	Sean Ekiert	BB&T Capital Markets
	Matt Palumbo	BB&T Capital Markets
	John Vithoulkas	County of Henrico
	Don Ferguson	Office of the Attorney General
	Richard Davis	Department of the Treasury
	Connie Vaughan	Department of the Treasury

Call to Order and Approval of Minutes

Mr. Wheaton called the meeting to order at 10:30 a.m. He asked for a motion for approval of the minutes of the May 8, 2008 Board meeting. Mr. Holland moved to adopt the minutes of the May 8, 2008 meeting as presented; Mr. Von Moll seconded, and the motion carried unanimously via roll call vote.

YEAS: James J. Wheaton, Chairman
James M. Holland, Vice Chairman
J. Braxton Powell
David A. Von Moll
Kent C. Dickey, designee for Billy K. Cannaday, Jr. Ph.D.
Brenda L. Skidmore

NAYS:None

Consideration of a Bond Resolution and approve the form of certain documents relating to the VPSA Special Obligation School Financing Bonds, Henrico County Series 2008

Mr. Davis reviewed the County of Henrico's application and request to fund five education projects totaling \$45 million through the VPSA's Stand Alone Program. Mr. Holland moved to approve the application of the County of Henrico for the VPSA Special Obligation School Financing Bonds, Henrico County 2008; Ms. Skidmore seconded and the motion carried unanimously via roll call vote.

YEAS: James J. Wheaton, Chairman
 James M. Holland, Vice Chairman
 J. Braxton Powell
 David A. Von Moll
 Kent C. Dickey, designee for Billy K. Cannaday, Jr. Ph.D.
 Brenda L. Skidmore

NAYS:None

Mr. Davis reviewed the Preliminary Financing Summary for the financing. He stated it was anticipated that the County would receive a triple A rating from all three credit rating agencies. Mr. Davis reviewed the parameters of the sale included in the Preliminary Official Statement and he reviewed the Bond Resolution authorizing the issuance of the Special Obligation School Financing Bonds, Henrico County Series 2008. He stated that, unlike the VPSA pooled financings, stand alone financings do not benefit from the security features of the VPSA 97 Resolution. The security for the stand alone derives from the general obligation pledge of the County and the enforcement of the State Aid Intercept provision.

Ms. Skidmore moved the adoption of a Resolution authorizing the issuance of up to \$45,000,000 Special Obligation School Financing Bonds, Henrico County Series 2008 of the VPSA for the purpose of providing funds for the purchase of local school bonds of Henrico County, Virginia, the proceeds of which will be used by Henrico County for public school purposes; and delegating to the staff of the VPSA, subject to guidelines and standards, authority to sell the bonds at competitive bidding and fix the details of the bonds (Attachment A); Mr. Von Moll seconded and the motion carried unanimously via roll call vote.

YEAS: James J. Wheaton, Chairman
 James M. Holland, Vice Chairman
 J. Braxton Powell
 David A. Von Moll
 Kent C. Dickey, designee for Billy K. Cannaday, Jr. Ph.D.
 Brenda L. Skidmore

NAYS:None

Mr. Davis reviewed the Cost of Issuance Budget for the financing. He noted that all costs of issuance would be reimbursed by the County of Henrico. Mr. Powell moved the approval of the Cost of Issuance Budget for the

Virginia Public School Authority Special Obligation School Financing Bonds, Henrico County Series 2008; Ms. Skidmore seconded and the motion carried unanimously via roll call vote.

YEAS: James J. Wheaton, Chairman
 James M. Holland, Vice Chairman
 J. Braxton Powell
 David A. Von Moll
 Kent C. Dickey, designee for Billy K. Cannaday, Jr. Ph.D.
 Brenda L. Skidmore

NAYS:None

Public Comment

Mr. Wheaton asked if there was any public comment. There were no public comments.

Adjournment

There being no further business to be brought before the Board, Mr. Holland moved that the Board adjourn at 10:52 a.m.; Mr. Von Moll seconded and the motion carried unanimously via roll call vote.

YEAS: James J. Wheaton, Chairman
 James M. Holland, Vice Chairman
 J. Braxton Powell
 David A. Von Moll
 Kent C. Dickey, designee for Billy K. Cannaday, Jr. Ph.D.
 Brenda L. Skidmore

NAYS:None

Respectfully submitted,

Richard A. Davis
Assistant Secretary

Attachment A

**VIRGINIA PUBLIC SCHOOL AUTHORITY
BOND RESOLUTION
Adopted on June 11, 2008**

**Authorizing and Securing
Not To Exceed
\$45,000,000
Special Obligation School Financing Bonds
Henrico County Series 2008**

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VIRGINIA PUBLIC SCHOOL AUTHORITY

A RESOLUTION AUTHORIZING THE ISSUANCE OF UP TO \$45,000,000 SPECIAL OBLIGATION SCHOOL FINANCING BONDS, HENRICO COUNTY SERIES 2008 OF THE VIRGINIA PUBLIC SCHOOL AUTHORITY FOR THE PURPOSE OF PROVIDING FUNDS FOR THE PURCHASE OF LOCAL SCHOOL BONDS OF HENRICO COUNTY, VIRGINIA AND, THEREBY, FOR THE MAKING OF A LOAN TO HENRICO COUNTY FOR PUBLIC SCHOOL PURPOSES; AND DELEGATING TO THE STAFF OF THE VIRGINIA PUBLIC SCHOOL AUTHORITY, SUBJECT TO GUIDELINES AND STANDARDS, AUTHORITY TO SELL THE BONDS AT COMPETITIVE BIDDING AND FIX THE DETAILS OF THE BONDS.

WHEREAS, the Virginia Public School Authority (hereinafter sometimes called the “Authority”) was duly created under and pursuant to Chapter 194 of the Acts of Assembly of Virginia of 1962 (as presently codified and amended, being Sections 22.1-162 through 22.1-175, inclusive, of Chapter 11, Title 22.1, Code of Virginia, 1950, and hereinafter sometimes called the “Enabling Act”) as a public body corporate and as an agency and instrumentality of the Commonwealth of Virginia (hereinafter sometimes called the “Commonwealth”), and the Board of Commissioners of the Authority (hereinafter sometimes called the “Board”), created by the Enabling Act, is the governing body of the Authority; and

WHEREAS, by virtue of the Enabling Act, the Authority is authorized and empowered, among other things,

(a) to manage and administer as provided in the Enabling Act all moneys or obligations that may be set aside and transferred to the Authority from the principal of the Literary Fund (hereinafter mentioned) by the General Assembly of Virginia for public school purposes pursuant to Article VII, §8 of the Constitution of Virginia and any funds authorized by the General Assembly from the Literary Fund or otherwise appropriated by the General Assembly for public school purposes,

(b) to purchase, with any funds of the Authority available for such purpose, at public or private sale and for such price and on such terms as it shall determine, bonds or other obligations issued by counties, cities and towns under the provisions of the Public Finance Act of 1991, being Chapter 26, Title 15.2 (§15.2-2600 *et seq.*), Code of Virginia, 1950, as hereafter amended, for the purpose of financing capital projects for public schools (said bonds or other obligations being hereinafter sometimes called, collectively, “local school bonds”),

(c) to provide by certificate, at one time or from time to time, for the issuance of bonds of the Authority in such amount or amounts as the Board shall determine, payable solely from funds of the Authority, including, but without limitation, (i) payments of principal of and interest on local school bonds purchased by the Authority, (ii) the proceeds of the sale of any such local school bonds, and (iii) any funds appropriated by the General Assembly,

(d) to create and maintain such reserves as the Board shall determine to be proper, and

(e) to issue notes and other obligations for any of its purposes in such form as may be authorized by certificate of the Authority, subject to the same provisions, where applicable, as govern the issuance of bonds of the Authority; and

WHEREAS, the Authority has issued from time to time, and there are now outstanding, bonds of the Authority issued pursuant to various bond resolutions adopted by the Board (as amended and supplemented from time to time, said bond resolutions being hereinafter sometimes called the “Existing Resolutions”); and

WHEREAS, the Board has determined that it is in the best interests of the Authority and of the Commonwealth to adopt another resolution to provide for the issuance of bonds of the Authority for the purpose of providing funds for the purchase of local school bonds of Henrico County, said bonds of the Authority to have no lien or claim, under any circumstances, on the Existing Resolutions or any of the assets or revenues of the Authority pledged thereunder; now, therefore,

BE IT RESOLVED by the Board of Commissioners of the Virginia Public School Authority:

ARTICLE I.

DEFINITIONS AND RULES OF CONSTRUCTION

Section 101. **Definitions.** In addition to words and terms elsewhere defined in this Resolution, the following words and terms as used in this Resolution shall have the following meanings, unless some other meaning is plainly intended:

The term “**Amortization Requirement**”, as applied to the term Bonds of each maturity for any Bond Year, shall mean the principal amount or amounts fixed by, or computed in accordance with the terms of, a Series Certificate for the retirement of such term Bonds by purchase or redemption, as contemplated by Section 301 hereof, on the Principal Payment Date or Dates established by such Series Certificate.

The word “**Authority**” shall mean the Virginia Public School Authority, duly created as a public body corporate and as an agency and instrumentality of the Commonwealth, and its successors.

The term “**Authorized Officer**” shall mean the Chairman, Vice-Chairman, the Treasurer, an Assistant Treasurer, the Secretary or an Assistant Secretary of the Authority, and when used with reference to any act or document, also means any other person authorized by certificate of the Authority to perform such act or execute such document.

The word “**Board**” shall mean the Board of Commissioners of the Authority.

The word “**Bondowner**” shall mean the registered owner of a Bond.

The term “**Bond Registrar**” shall mean the State Treasurer of the Commonwealth of Virginia.

The word “**Bonds**” shall mean the bonds issued under the provisions of Section 208 of this Resolution.

The term “**Bond Year**” shall mean the twelve (12) month period or periods identified in the Series Certificate for the Bonds.

The term “**Business Day**” shall mean any day on which the New York Stock Exchange is open other than a Saturday or Sunday and other than a day on which commercial banks (including the Bond Registrar and any Paying Agent) are authorized to close in the Commonwealth or in the City and State of New York or in any other jurisdiction specified in the Series Certificate.

The word “**Chairman**” shall mean the Chairman of the Authority, the Vice-Chairman of the Authority, or any chairman designated *pro tempore* by the Board.

The term “**Henrico County Bond Fund**” shall mean the “Virginia Public School Authority Henrico County Bond Fund,” a special fund created and designated by Section 502 of this Resolution.

The term “**Henrico County Income Fund**” shall mean the “Virginia Public School Authority Henrico County Income Fund,” a special fund created and designated by Section 501 of this Resolution.

The term “**Henrico County Purchase Fund**” shall mean the “Virginia Public School Authority Henrico County Purchase Fund,” a special fund created and designated by Section 401 of this Resolution.

The word “**Commonwealth**” shall mean the Commonwealth of Virginia.

The word “**County**” shall mean the Henrico County, Virginia, a political subdivision of the Commonwealth.

The term “**Defaulted Interest**” shall mean Defaulted Interest as defined in Section 203 hereof.

The term “**Defeasance Obligations**” shall mean Government Obligations and the obligations described in clause (a)(ii) of the definition of “Investment Obligations.”

The word “**Depository**” shall mean one or more other banks or trust companies duly authorized to engage in the banking business and meeting the requirements of Section 1102 hereof and designated by certificate of the Authority or by the State Treasurer as a depository of moneys under the provisions of this Resolution.

The term “**Deposit Day**” shall mean the Business Day of the months, specified in the Series Certificate, on which days withdrawals from the Henrico County Income Fund are required to accomplish the payments and transfers required by Section 502 of this Resolution.

The term **“Enabling Act”** shall mean Chapter 194 of the Acts of Assembly of Virginia of 1962, as amended (being Sections 22.1-162 through 22.1-175, inclusive, of Chapter 11, Title 22.1, Code of Virginia, 1950, as amended).

The term **“General Fund”** shall mean the Virginia Public School Authority General Fund, a special fund created and designated by Section 404 of a resolution adopted by the Authority on October 23, 1997 and any successor fund or account of the Authority.

The term **“Government Obligations”** shall mean direct obligations of, or obligations the timely payment of the principal of and the interest on which is unconditionally guaranteed by, the United States of America, and, if permitted by law, evidences of indirect ownership of such obligations.

The term **“Interest Payment Date”** shall mean each of the dates specified in the Series Certificate.

The term **“Investment Obligations”** shall mean, to the extent permitted by law:

(a) (i) Government Obligations, and (ii) obligations of state or local government municipal bond issuers, (A) provision for the payment of the principal of and interest on which shall have been made by deposit with an escrow agent or trustee of non-callable Government Obligations the principal of and interest on which when due will be sufficient to pay the principal of and interest on such state or local government municipal obligations when due, (B) which state or local government municipal obligations by their terms or pursuant to an irrevocable determination by the issuer thereof are not subject to redemption other than on a date determined at the time such provision for payment was made and (C) rated by Fitch, Moody’s and S&P in the highest category based on the circumstances described in (A) and (B) above, and (iii) bonds, debentures, notes or other obligations issued or guaranteed by any of the following: Federal Farm Credit Banks, Federal Home Loan Banks, Export-Import Bank of the United States, Federal National Mortgage Association, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, or by any other agency which is controlled by or supervised by and acting as an instrumentality of the United States Government and the subject obligations of which are guaranteed as to full and timely payment by the United States of America or are rated by Fitch, Moody’s and S&P in their highest rating category;

(b) any repurchase agreement that is with (i) a bank or trust company (including any Depository, Bond Registrar, Paying Agent and their affiliates), or (ii) a government bond dealer reporting to, trading with, and recognized as a primary dealer by the Federal Reserve Bank of New York, in both cases for obligations described in (a) above, a fair market value equal to at least one hundred percent (100%) of the amount of the repurchase obligation, determined not less than weekly, of the bank, trust company or dealer, provided, however, that such obligations purchased must be transferred to the Bond Registrar, a Depository or a third party agent of the Bond Registrar or such Depository by physical delivery or by an entry made on the records of the issuer of such obligations, (ii) the transferee of such obligations must have a perfected first security interest in the collateral, (iii) the collateral must be free and clear of third party liens and not acquired pursuant to another repurchase agreement or a reverse repurchase agreement, (iv) the transferee shall be required by the repurchase agreement to liquidate the collateral

immediately should the counterparty fail on demand therefor to deposit additional collateral securities if the market value of the existing collateral falls below the required level, and (v) any investment in a repurchase agreement shall be considered to mature on the date the bank or trust company or dealer providing the repurchase agreement is obligated to repurchase the Investment Obligations;

(c) certificates of deposit issued by, and time deposits in, any bank or savings and loan association organized under the laws of the Commonwealth, any other state of the United States or the United States, including any Depository, any Paying Agent, any Credit Bank and any Bond Registrar; provided that such certificates of deposit or time deposits are (i) insured by the Federal Deposit Insurance Corporation for the full face amount thereof or (ii) to the extent not so insured, collateralized, in the manner required and to the full extent permitted by the Virginia Security for Public Deposits Act (Chapter 44, Title 2.2, Code of Virginia, 1950, as amended), such collateral to be held by the Authority or a Depository or a third party acting solely as agent for the Authority or a Depository;

(d) banker's acceptances drawn on and accepted by commercial banks (which may include any Bond Registrar, any Depository, any Credit Provider and any Paying Agent) having a combined capital, surplus and undivided profits of at least \$100,000,000;

(e) commercial paper rated by Fitch, Moody's and S&P, or any two of them if such obligations are unrated by the third, in the highest rating category (without regard to gradations or refinements such as "plus" and "minus");

(f) obligations of state or local government municipal bond issuers, the principal of and interest on which, when due and payable, have been insured by a bond insurance company the bonds insured by which are rated by Fitch, Moody's and S&P or any two of them if such obligations are unrated by the third, in one of the two highest rating categories (without regard to numerical or other gradations or refinements such as "plus" and "minus");

(g) obligations of state or local government municipal bond issuers that are rated by Fitch, Moody's and S&P, or any two of them if such obligations are unrated by the third, in one of the two highest rating categories (without regard to numerical or other gradations or refinements such as "plus" and "minus");

(h) investments pursuant to the Government Non-Arbitrage Investment Act, Chapter 47, Title 2.2, Code of Virginia, 1950, as amended; and

(i) provided it or the provider thereof is rated in one of the two highest rating categories by a Rating Agency, any other investment permitted for the type of money to be invested if the Authority is permitted by the Investment of Public Funds Act (Chapter 45, Title 2.2, Code of Virginia, 1950, as amended) or other applicable law to make or enter into such investment.

Any investment in Investment Obligations described above may be made in the form of an entry made on the records of the issuer of such Investment Obligation.

The term **“local school bonds”** shall mean all or any of the County’s general obligation school bonds, not to exceed \$45,000,000 aggregate principal amount, that the Authority is authorized by this Resolution to purchase from the proceeds of its Bonds.

The word **“newspaper”** shall mean a newspaper regularly published in the English language on at least one (1) Business Day in each calendar week.

The word **“outstanding”** shall mean with respect to Bonds all Bonds that have been authenticated and delivered by a Bond Registrar under this Resolution, except:

(i) Bonds paid or redeemed or delivered to or acquired by the Bond Registrar for cancellation;

(ii) Bonds, or principal or interest components thereof, for which a Paying Agent or the Bond Registrar or any Depository or the State Treasurer shall hold sufficient moneys or non-callable Defeasance Obligations the principal of and the interest on which, when due and payable, will provide sufficient moneys to pay the principal of, and the interest and redemption premium, if any, on, such Bonds, or such principal or interest components, as the case may be, to their maturity date or dates or dates fixed for redemption; and

(iii) Bonds in exchange for or in lieu of which other Bonds have been authenticated and delivered under this Resolution; provided, however, that in determining whether the owners of the requisite principal amount of outstanding Bonds have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Bonds owned by the Authority or the County shall be disregarded and deemed not to be outstanding, except that in determining whether the Bond Registrar shall be protected in relying upon any such request, demand, authorization, direction, notice, consent or waiver, only Bonds that the Bond Registrar knows to be so owned shall be so disregarded. Bonds so owned that have been pledged in good faith may be regarded as outstanding if the pledgee establishes to the satisfaction of the Bond Registrar the pledgee’s right so to act with respect to such Bonds and that the pledgee is not the Authority or the County.

The word **“owner”** shall mean a person in whose name a Bond (or one or more Predecessor Bonds) is registered on the registration books provided for in Section 207 of this Resolution.

The term **“Paying Agent”** shall mean the paying agent or tender agent designated as such in the Series Certificate and performing the duties set forth in the Series Certificate.

The word **“Person”** shall mean and include an association, unincorporated organization, a corporation, a partnership, a joint venture, a business trust, or a government or an agency or a political subdivision thereof, or any other public or private entity, or a natural person.

The term **“Predecessor Bonds”** shall mean with respect to any particular Bond every previous Bond evidencing all or a portion of the same debt as that evidenced by such particular Bond. For purposes of this definition, any Bond authenticated and delivered under Section 211 of this Resolution in lieu of a mutilated, destroyed, stolen or lost Bond shall be deemed to evidence the same debt as the mutilated, destroyed, stolen or lost Bond.

The word “**principal**” shall mean the principal amount of such Bond payable in satisfaction of an Amortization Requirement, if applicable, or at maturity.

The term “**Principal Payment Date**” shall mean the date or dates fixed for the Bonds by the Series Certificate upon which the principal of any Bond is stated to mature or upon which the principal of any term Bond is subject to redemption in satisfaction of an Amortization Requirement.

The term “**Redemption Price**” shall mean with respect to Bonds or a portion thereof, the principal amount of such Bonds or portion thereof, plus the applicable premium, if any, payable upon redemption thereof in the manner contemplated in accordance with the terms of said Bonds or portion thereof and of this Resolution.

The term “**Regular Record Date**” shall mean the record date or dates established for the Bonds in Exhibit A attached hereto.

The word “**Resolution**” shall mean this Bond Resolution, together with all certificates, including the Series Certificate, supplementing or amending this Bond Resolution as herein permitted.

The word “**Secretary**” shall mean the Secretary of the Authority or any Assistant Secretary.

The term “**Serial Bonds**” shall mean the Bonds that are stated to mature in annual installments and that are so designated in the Series Certificate.

The term “**Series Certificate**” shall mean a certificate of the Authority, supplemental to this Resolution, fixing the details of the Bonds in accordance with the provisions of this Resolution.

The term “**Special Record Date**” shall mean a date fixed by the Bond Registrar pursuant to Section 203 of this Resolution for the payment of any Defaulted Interest on Bonds.

The term “**Term Bonds**” shall mean any or all of the Bonds, other than serial Bonds, that shall be stated to mature on one or more dates and that are so designated in the Series Certificate.

Section 102. **Rules of Construction.** (a) Words of the masculine gender shall be deemed and construed to include correlative words of the feminine and neuter genders. Unless the context shall otherwise indicate, the words “bond”, “owner”, “bondowner”, and “person” shall include the plural as well as the singular number; and the word “owner” or “bondowner” when used herein with respect to Bonds issued hereunder shall mean the registered owner of Bonds at the time issued and outstanding hereunder.

(b) Headings of articles and sections herein and the table of contents hereof are solely for convenience of reference, do not constitute a part hereof and shall not affect the meaning, construction or effect hereof.

(c) Provisions calling for the redemption of Bonds or the calling of Bonds for redemption do not mean or include the payment of Bonds at their stated maturity or maturities.

(d) Where the character or amount of any asset, liability or item of income or expense is required to be determined or any consolidation, combination or other accounting computation is required to be made for the purpose hereof or for the purpose of any document, affidavit or certificate to be executed and delivered in accordance with or pursuant to this Resolution, the same shall be done in accordance with generally accepted accounting principles; provided, however, that whenever the context makes clear that the requirement is that cash, or its equivalent, be available to pay Bonds, computations regarding such requirement shall be computed on a cash, and not on a generally accepted accounting, basis.

ARTICLE II.

FORM, EXECUTION, AUTHENTICATION, DELIVERY, REGISTRATION AND AUTHORIZATION OF BONDS

Section 201. **Limitation on Issuance of Bonds.** No Bonds may be issued under the provisions of this Resolution except in accordance with the provisions of this Article.

Section 202. **Form of Bonds.** The definitive Bonds are issuable in fully registered form in the denomination of \$5,000 or any whole multiple thereof. The definitive Bonds issued under the provisions of this Article shall be designated "Special Obligation School Financing Bonds, Henrico County Series 2008" and shall be substantially in the form set forth in Exhibit A hereto, with such appropriate variations, omissions and insertions as are required or permitted by this Resolution and the Series Resolution providing for the issuance of the Bonds. All Bonds may have endorsed thereon such legends or text as may be necessary or appropriate to conform to any applicable rules and regulations of any governmental authority or of any securities exchange on which the Bonds may be listed or any usage or requirement of law with respect thereto.

Section 203. **Details, Execution and Payment of Bonds.** As set forth in the Series Certificate, each Bond shall be dated, bear interest, payable to its respective maturity and until paid, from the Interest Payment Date next preceding the date on which it is authenticated, unless it is authenticated (a) on an Interest Payment Date, in which case it shall bear interest from such Interest Payment Date, or (b) prior to the first Interest Payment Date, in which case it shall bear interest from its date; provided, however, that if at the time of authentication of any Bond interest is in default, such Bond shall bear interest from the date to which interest shall have been paid.

The Bonds shall bear the manual or facsimile signatures of the Chairman and the Secretary, but it shall not be necessary that the same officer sign all of the Bonds that may be issued hereunder at any one time, and the official seal shall be impressed, or a facsimile of the official seal of the Authority shall be imprinted, on the Bonds.

In case any officer whose signature or a facsimile of whose signature shall appear on any Bonds shall cease to be such officer before the delivery of such Bonds, such signature or such facsimile shall nevertheless be valid and sufficient for all purposes the same as if he had remained in office until such delivery, and also any Bond may bear the facsimile signature of or may be signed by such persons as at the actual time of the execution of such Bond shall be the proper officers to sign such Bond although at the date of such Bond such persons may not have been such officers.

The principal of and the premium, if any, and the interest on the Bonds shall be payable in any coin or currency of the United States of America which on the respective dates of payment thereof is legal tender for the payment of public and private debts. The principal of and the premium, if any, on all Bonds shall be payable at the principal office of the Bond Registrar upon the presentation and surrender of such Bonds as the same shall become due and payable.

Interest on any Bond that is payable, and is punctually paid or duly provided for, on any Interest Payment Date shall be paid by check or bank wire (unless otherwise provided in the Series Certificate) to the person in whose name that Bond (or one or more Predecessor Bonds) is registered at the close of business on the Regular Record Date for such Interest Payment Date.

Any interest on any Bond that is payable but is not punctually paid or duly provided for on any Interest Payment Date (hereinafter sometimes called "Defaulted Interest") shall forthwith cease to be payable to the owner as of the relevant Regular Record Date solely by virtue of such owner's having been such owner on such Date; and such Defaulted Interest may be paid by the Authority, at its election in each case, as provided in subparagraph A or B below:

(A) The Authority may elect to make payment of any Defaulted Interest on the Bonds to the persons in whose names such Bonds are registered at the close of business on a Special Record Date for the payment of such Defaulted Interest, which Special Record Date shall be fixed in the following manner. The Authority shall notify the Bond Registrar and any Paying Agent, in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment (which date shall be a date that will enable the Bond Registrar or Paying Agent to comply with the next sentence hereof), and at the same time the Authority shall deposit or cause to be deposited with the Bond Registrar an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Bond Registrar for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest as in this subparagraph provided. Thereupon, the Bond Registrar shall fix a Special Record Date for the payment of such Defaulted Interest that shall be not more than fifteen (15) days nor fewer than ten (10) days prior to the date of the proposed payment and not fewer than ten (10) days after the receipt by the Bond Registrar of the notice of the proposed payment. The Bond Registrar shall promptly notify the Authority and the Paying Agent of such Special Record Date, and the Bond Registrar, in the name and at the expense of the Authority, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first-class mail, postage prepaid, to each owner, at his address as it appears in the registration books maintained under Section 206 of this Resolution, not fewer than ten (10) days prior to such Special Record Date. The Bond Registrar may, in its discretion, in the name and at the expense of the Authority, cause a similar notice to be published at least once in a financial newspaper distributed in the Borough of Manhattan, City and State of New York, and a newspaper of general circulation in the City of Richmond, Virginia, but neither of such publications shall be a condition precedent to the establishment of such Special Record Date or to the payment of Defaulted Interest. Notice of the proposed payment of such Defaulted Interest and of the Special Record Date therefor having been mailed as aforesaid, such Defaulted Interest shall be paid to the persons in whose names the Bonds (or their respective Predecessor Bonds) are registered on such Special Record Date and shall no longer be payable pursuant to the following subparagraph B.

(B) The Authority may make payment of any Defaulted Interest on the Bonds in any other lawful manner not inconsistent with the requirements of any securities exchange on which such Bonds may be listed and upon such notice as may be required by such exchange, if, after notice given by the Authority to the Bond Registrar and any Paying Agent of the proposed

payment pursuant to this subparagraph, such payment shall be deemed practicable by the Bond Registrar.

Subject to the foregoing provisions of this Section, each Bond delivered under this Resolution upon transfer of or in exchange for or in lieu of any other Bond shall carry all the rights to interest accrued and unpaid, and to accrue, that were carried by such other Bond, and each such Bond shall bear interest from a date such that neither gain nor loss in interest shall result from such transfer, exchange or substitution.

Section 204. Authentication of Bonds. Only such of the Bonds as shall have endorsed thereon a certificate of authentication, substantially in the form set forth in Exhibit A, duly executed by the Bond Registrar shall be entitled to any benefit or security under this Resolution. No Bond shall be valid or obligatory for any purpose unless and until such certificate of authentication shall have been duly executed by the Bond Registrar, and such certificate of the Bond Registrar upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under this Resolution. The Bond Registrar's certificate of authentication on any Bond shall be deemed to have been duly executed if signed by an authorized officer of the Bond Registrar, but it shall not be necessary that the same officer sign the certificate of authentication on all of the Bonds that may be issued hereunder at any one time.

Section 205. Exchange of Bonds. Unless otherwise provided in the Series Certificate, Bonds, upon surrender thereof at the principal corporate trust office of the Bond Registrar, together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar, may, at the option of the registered owner thereof, be exchanged for an equal aggregate principal amount of Bonds of the same maturity, of any denomination or denominations authorized by this Resolution, and bearing interest at the same rate as the Bonds surrendered for exchange.

The Authority shall make provision for the exchange of Bonds at the principal corporate trust office of the Bond Registrar.

Section 206. Registration of Transfer. Except as otherwise provided in the Series Certificate, the Bond Registrar shall keep books for the registration of and for the registration of transfer of Bonds as provided in this Resolution and in the Series Certificate. The transfer of any Bond may be registered only upon the books kept for the registration and registration of transfer of Bonds upon surrender of such Bond to the Bond Registrar, together with an assignment duly executed by the registered owner or his attorney or legal representative in such form as shall be satisfactory to the Bond Registrar.

Upon any exchange or registration of transfer, the Authority shall execute and the Bond Registrar shall authenticate and deliver in exchange for such Bond a new Bond or Bonds, registered in the name of the transferee, of any denomination or denominations authorized by this Resolution in an aggregate principal amount equal to the principal amount of such Bond surrendered, of the same maturity and bearing interest at the same rate.

In all cases in which Bonds shall be exchanged or the transfer of Bonds shall be registered hereunder, the Authority shall execute and the Bond Registrar shall authenticate and

deliver Bonds within a commercially reasonable time, according to then prevailing industry standards, in accordance with the provisions of this Resolution. All Bonds surrendered in any such exchange or registration of transfer shall forthwith be cancelled by the Bond Registrar. The Authority or the Bond Registrar may make a charge for every such exchange or registration of transfer of Bonds sufficient to reimburse it for any tax or other governmental charge required to be paid with respect to such exchange or registration of transfer, but no other charge shall be made to the owner of any Bond for the privilege of exchanging or registering the transfer of Bonds under the provisions of this Resolution.

Section 207. Ownership of Bonds. The Authority, the Bond Registrar, and any Paying Agents may deem and treat the person in whose name any Bond is registered on the books of the Authority kept by the Bond Registrar as the absolute owner of such Bonds for the purpose of receiving payment of the principal of and premium, if any, and interest on, such Bond and for all other purposes whatsoever, whether such Bond be overdue and, to the extent permitted by law, neither the Authority, the Bond Registrar nor any Paying Agents shall be affected by any notice to the contrary.

Section 208. Authorization of Bonds. There are hereby authorized to be issued and secured under this Resolution, Bonds of the Authority to be designated "Special Obligation School Financing Bonds, Henrico County Series 2008" in an aggregate principal amount of not to exceed \$45,000,000, subject to the conditions hereinafter provided in this Section, at any time for the purpose of providing funds for the purchase of the local school bonds. Such Bonds shall be Serial Bonds or Term Bonds or any combination thereof, as shall be determined in accordance with the Series Certificate.

Before any Bonds shall be issued under the provisions of this Section, there shall be delivered a Series Certificate relating to such Bonds, and fixing the details thereof, including the Amortization Requirements, if any, for any term Bonds. The Bonds shall be designated, shall be dated, shall be stated to mature in such year or years and shall be redeemable at such times and prices (subject to the provisions of Article III of this Resolution), all as set forth in the Series Certificate. The interest rate or rates to be borne by the Bonds shall be determined as provided by Section 209 of this Resolution and set forth in the Series Certificate. Such Bonds shall be in substantially the form appearing as Exhibit A to this Resolution and shall be executed substantially in the form and manner hereinabove provided for and shall be deposited with the Bond Registrar for authentication, but before such Bonds shall be authenticated and delivered by the Bond Registrar there shall be filed with the Treasurer of the Authority the following:

- (a) a signed copy of the Series Certificate;
- (b) a certificate, signed by the Chairman, stating that the Authority is not then in default in the performance of any of the covenants, conditions, agreements or provisions contained in this Resolution or in the Enabling Act;
- (c) an opinion of the Attorney General or an Assistant Attorney General of the Commonwealth of Virginia stating that the signer is of the opinion that the issuance of such Bonds has been duly authorized and that all conditions precedent to the delivery of such Bonds have been fulfilled; and

(d) an opinion of nationally recognized bond counsel, subject only to customary exceptions, to the effect that the local school bonds, to be purchased from the proceeds of the Bonds, are valid and binding general obligations of the County to which its full faith and credit and unlimited taxing power are pledged .

When the documents mentioned above in this Section shall have been filed with the Treasurer of the Authority and when the Bonds described in the Series Certificate mentioned in clause (a) of this Section shall have been executed and authenticated as required by this Resolution, the Bond Registrar shall deliver such Bonds at one time to or upon the order of the purchasers named in the Series Certificate mentioned in clause (a) hereof, but only upon payment to the Treasurer of the Authority of the purchase price of such Bonds, any premium and the accrued interest, if any, thereon. The Treasurer of the Authority, the State Treasurer, and the Bond Registrar shall be entitled to rely upon such Series Certificate as to the names of the purchasers, the Amortization Requirements, if any, for the term Bonds, if any, the interest rate of each of such Bonds and the amount of such purchase price.

The proceeds (including any premium) of such Bonds shall be applied by the Treasurer of the Authority to the purchase of the local school bonds.

Section 209. Series Certificate. There is hereby delegated to the Treasurer or any Assistant Treasurer of the Authority (each, a “Delegate”), any of whom may exercise, subject to the limitations contained herein, the power with respect to the Bonds to determine and carry out the following:

(a) To publish a Notice of Sale and Summary Notice of Sale in substantially the forms presented to the Board on the date of adoption by the Board of this Resolution; sell the Bonds at a public sale, by competitive bidding, within parameters established in the Notice of Sale, to the bidder whose qualifying bid for the Bonds provides the lowest “true” interest cost to the Authority; approve the terms of and publish an Official Statement describing the Bonds in substantially the same form as the Preliminary Official Statement describing the Bonds presented to the Board on the date of adoption by the Board of this Resolution;

(b) Determine the principal amount and the Principal Payment Dates of the Bonds and which Bonds are Serial Bonds and Term Bonds, if any, and the Amortization Requirements therefor, provided that the final Principal Payment Date shall be no later than July 15, 2028;

(c) Determine the dated date of the Bonds and the interest rate or rates on and the Interest Payment Dates of the Bonds, no such rate or rates to exceed 5.00%;

(d) Determine the denomination or denominations of and the manner of numbering and lettering the Bonds;

(e) Determine the optional redemption provisions of the Bonds, the Bonds to be first subject to optional redemption on a date not later than eleven years after their dated date and at a Redemption Price not greater than 103%; and

(f) Determine any other provisions deemed advisable by the Delegate executing the Series Certificate and not in conflict with the provisions of this Resolution.

Such Delegate shall execute a Series Certificate or Series Certificates evidencing determinations or other actions taken pursuant to the authority granted in this Resolution, and any such Series Certificate shall be conclusive evidence of the action or determination of such Delegate as stated therein.

Section 210. Temporary Bonds. Until definitive Bonds are ready for delivery, there may be executed, and upon request of the Authority the Bond Registrar shall authenticate and deliver, in lieu of definitive Bonds and subject to the same limitations and conditions, temporary printed, engraved, typewritten or lithographed Bonds, in the form of fully registered Bonds without coupons in the denomination (except as otherwise provided by the Authority in the Series Certificate) of \$5,000 or any whole multiple thereof, substantially of the tenor of the form of Bond set forth in Exhibit A hereto and with such appropriate omissions, insertions and variations as may be required.

Until definitive Bonds are ready for delivery, any temporary Bonds may, if so provided by the Board by certificate, be exchanged at the principal office of the Bond Registrar, without charge to the owner thereof, for an equal aggregate principal amount of temporary, fully registered Bonds of authorized denominations, of like tenor, of the same maturity and bearing interest at the same rate.

If temporary Bonds shall be issued, the Authority shall cause the definitive Bonds to be prepared and to be executed and delivered to the Bond Registrar, and the Bond Registrar, upon presentation to it at its principal office of any temporary Bond shall cancel the same and shall authenticate and deliver in exchange therefor, without charge to the owner, a definitive Bond or Bonds of an equal aggregate principal amount, of authorized denominations of the same maturity and bearing interest at the same rate as the temporary Bond surrendered. Until so exchanged the temporary Bonds shall in all respects be entitled to the same benefit and security of this Resolution as the definitive Bonds to be issued and authenticated hereunder.

Section 211. Mutilated, Destroyed, Stolen or Lost Bonds. In case any Bond secured hereby shall become mutilated or be destroyed, stolen or lost, the Authority shall cause to be executed, and the Bond Registrar shall authenticate and deliver, a new Bond of like date and tenor in exchange and substitution for and upon the cancellation of such mutilated Bond or in lieu of and in substitution for such Bond destroyed, stolen or lost, upon the owner's paying the reasonable expenses and charges of the Authority and the Bond Registrar in connection therewith and, in the case of a Bond destroyed, stolen or lost, his filing with the Bond Registrar evidence satisfactory to it and to the Authority that such Bond was destroyed, stolen or lost, and as to his ownership thereof, and furnishing the Authority and the Bond Registrar with indemnity satisfactory to each of them. The foregoing notwithstanding, the Authority shall not be required to issue a new Bond in exchange or substitution for any Bond that has matured or been duly called for redemption, and the Authority's only obligation in respect of such mutilated, destroyed, stolen or lost Bond shall be to pay such Bond on the redemption or maturity date.

Every Bond issued pursuant to the provisions of this Section in exchange or substitution for any Bond that is mutilated, destroyed, stolen or lost shall constitute an additional contractual obligation of the Authority, whether the destroyed, stolen or lost Bond shall be found at any time, or be enforceable by anyone, and shall be entitled to all the benefits hereof equally and

proportionately with any and all other Bonds duly issued under this Resolution. All Bonds shall be held and owned upon the express condition that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed, stolen or lost Bonds, and shall preclude any and all other rights or remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender.

ARTICLE III.

REDEMPTION OF BONDS

Section 301. **Redemption of Bonds.** Subject to the provisions of Section 209, the Bonds shall be subject to optional redemption prior to their respective maturities as a whole and in part and at such times and prices as shall be set forth in the Series Certificate.

In addition, the Term Bonds are required to be redeemed to the extent of the Amortization Requirements therefor, if any, established by the Series Certificate. Unless otherwise provided by the Series Certificate, in the event of a partial optional redemption or purchase of the Term Bonds, the Authority shall credit the principal amount of such Term Bonds so purchased or redeemed against the Amortization Requirements for the remaining Term Bonds outstanding in such amounts and in such years as it, in its sole discretion, shall determine.

Section 302. **Selection of Bonds to be Redeemed.** The Bonds shall be redeemed only in the minimum denomination authorized by this Resolution or in whole multiples of such minimum denomination. In selecting Bonds for redemption, the Authority shall treat each Bond as representing the number of Bonds that is obtained by dividing the principal amount of such Bond by the minimum denomination authorized by the Series Certificate. If less than all of the Bonds of any particular maturity shall be called for redemption, the particular Bonds or portions of Bonds to be redeemed shall be selected by the Authority by lot or by such other method as the Authority in its sole discretion deems fair and appropriate.

Section 303. **Redemption Notice.** Not fewer than thirty (30) nor more than sixty (60) days before the redemption date of any Bonds, whether such redemption be as a whole or in part, the Authority shall cause a notice of any such redemption to be mailed, first class, postage prepaid, to all owners of Bonds to be redeemed as a whole or in part, but any defect in such notice or the failure so to mail any such notice to any owners of any Bonds shall not affect the validity of the proceedings for the redemption of any other Bonds. Each such notice shall set forth the Bonds or portions thereof to be redeemed, the date fixed for redemption, the Redemption Price to be paid, and if less than all the Bonds shall be called for redemption, the maturities of the Bonds to be redeemed and, if less than all of the Bonds of any one maturity then outstanding shall be called for redemption, the distinctive identification numbers and letters, if any, of such Bonds to be redeemed and, in the case of Bonds to be redeemed in part only, the portion of the principal amount thereof to be redeemed. If any Bond is to be redeemed in part only, the notice of redemption shall state also that on or after the redemption date, upon surrender of such Bond, a new Bond in principal amount equal to the unredeemed portion of such Bond and of the same maturity will be issued.

Unless otherwise provided in the Series Certificate, any notice of optional redemption of Bonds may state that it is conditioned upon there being available an amount of money sufficient to pay the Redemption Price, plus interest accrued and unpaid to the redemption date, and any conditional notice so given may be rescinded at any time before the payment of the Redemption Price if any such condition so specified is not satisfied. If a redemption does not occur after a

conditional notice is given due to an insufficient amount of funds on deposit by the State Treasurer, the corresponding notice of redemption shall be deemed to be revoked *nunc pro tunc*.

Section 304. Effect of Calling for Redemption. If the Authority gives a conditional notice of redemption and money sufficient to pay the Redemption Price and interest, if any, accrued to the redemption date of the affected Bonds shall have been set aside in escrow with the State Treasurer or other Depository for the purpose of paying such Bonds or if the Authority gives an unconditional notice of redemption, then on the redemption date the Bonds will become due and payable. In either case, if on the redemption date the State Treasurer or other Depository holds sufficient money to pay the Bonds called for redemption, thereafter no interest will accrue on those Bonds, and such Bonds shall cease to be entitled to any benefits or security or to be deemed outstanding under this Resolution, and the owners of such Bonds shall have no rights in respect thereof except to receive payment of the Redemption Price thereof, plus accrued interest, if any, to the date of redemption, and, to the extent provided in Section 305, to receive Bonds for any unredeemed portions of Bonds.

Section 305. Redemption of Portion of Bonds. If a portion of an outstanding Bond shall be selected for redemption, the owner thereof or his attorney or legal representative shall present and surrender such Bond to the Bond Registrar for payment of the Redemption Price thereof, and the Authority shall execute and the Bond Registrar shall authenticate and deliver to or upon the order of such registered owner or his attorney or legal representative, without charge therefor, for the unredeemed portion of the principal amount of the Bond so surrendered, a Bond of the same series and maturity and bearing interest at the same rate.

Section 306. Cancellation. All Bonds paid, redeemed or purchased, either at or before maturity, shall be cancelled upon the payment, redemption or purchase of such Bonds and shall be delivered to the Bond Registrar when such payment, redemption or purchase is made. All Bonds cancelled under any of the provisions of this Resolution shall be cremated by the Bond Registrar, which shall execute a certificate of cremation in duplicate describing the Bonds so cremated, and one executed certificate shall be filed with the Treasurer of the Authority and the other executed certificate shall be filed with the State Treasurer.

Section 307. Use of Defeasance Obligations to Redeem Bonds. For purposes of this Resolution, Defeasance Obligations shall be deemed to be sufficient to pay or redeem Bonds on a specified date if the principal of and the interest on such Defeasance Obligations, when due, will be sufficient to pay on such date the Redemption Price of, and the interest accruing on, such Bonds to such date.

ARTICLE IV.

CUSTODY AND APPLICATION OF PROCEEDS OF BONDS

Section 401. **Purchase Fund.** A special fund is hereby created and designated “Virginia Public School Authority Henrico County Purchase Fund” (the “Henrico County Purchase Fund”), to the credit of which such deposits shall be made as are required or permitted by the provisions of this Resolution, including Section 209.

The moneys in the Henrico County Purchase Fund shall be held by the State Treasurer in trust and, subject to the provisions of this Article, shall be applied to the purchase of local school bonds and, pending such application, shall be subject to a lien and charge in favor of the owners of the Bonds issued and outstanding under this Resolution and for the further security of such owners until paid out or transferred as herein provided.

Section 402. **Payments From Purchase Fund.** All payments from the Henrico County Purchase Fund shall be subject to the provisions and restrictions set forth in this Article, and the Authority covenants that it will not cause or permit to be paid from the Henrico County Purchase Fund any sums except in accordance with such provisions and restrictions.

Section 403. **Purchase of Local School Bonds.** The State Treasurer shall purchase the local school bonds from moneys held to the credit of the Henrico County Purchase Fund, subject to the provisions of the Enabling Act and the rules and regulations of the Authority; provided, however, that the local school bonds so purchased must constitute valid and binding general obligations of the County for the payment of which the full faith and credit of the County is pledged, and all taxable property within the boundaries of the issuer must be subject to the levy of an ad valorem tax, without limitation on rate or amount, for the payment of such local school bonds and the interest thereon. Such local school bonds must be in, or be convertible into, marketable form and must be accompanied by the approving opinion of a firm of nationally recognized municipal bond attorneys acceptable to the Authority. No prepayment of such local school bonds shall be permitted except with the permission of the Authority, and such permission shall be in the sole discretion of the Authority.

The purchase price of such local school bonds shall be paid from the Henrico County Purchase Fund.

The local school bonds purchased from moneys held for the credit of the Henrico County Purchase Fund shall be deemed at all times to be part of said Fund; and, subject to the provisions regarding sale and other disposition of local school bonds by the State Treasurer, as set forth in Section 404 hereof, such local school bonds are hereby pledged to the payment of the principal of and interest on the Bonds.

Section 404. **Sale and Other Disposition of Local School Bonds.** The State Treasurer may sell or otherwise dispose of all or any of the local school bonds as the Board by resolution may authorize and direct, with such consideration or without consideration as the Board shall determine in such resolution to be in the best interests of the Authority, for the purposes, by way

of illustration and not limitation, of financing the purchase of other local school bonds and redeeming any Bonds as permitted by this Resolution or the Series Certificate; provided, however, that no local school bonds shall be sold or otherwise disposed of unless and to the extent that the proceeds thereof may be needed to make up any deficiency in the Henrico County Bond Fund or unless, following such sale or other disposition, in each Bond Year thereafter the principal of and interest on the remaining local school bonds scheduled to become due and payable in each such Bond Year shall equal or exceed the principal and interest coming due in such Bond Year on account of all Bonds then outstanding.

The proceeds (excluding accrued interest) from any such sale may be used for such lawful purpose of the Authority as the Board may by certificate provide. The amount received as accrued interest on such local school bonds shall be deposited by the State Treasurer to the credit of the Henrico County Income Fund.

Section 405. **Transfers from Purchase Fund.** The Board by resolution may from time to time authorize and direct the State Treasurer to transfer from the Henrico County Purchase Fund to the credit of the Henrico County Bond Fund all or any portion of the moneys held for the credit of the Henrico County Purchase Fund in order to pay interest on Bonds, to redeem Bonds as permitted under this Resolution or to make up any deficiency in the Henrico County Bond Fund, or, to the extent such moneys are the proceeds of the sale or other disposition of local school bonds previously held to the credit of the Henrico County Purchase Fund, for any lawful purpose of the Authority.

ARTICLE V.

FUNDS

Section 501. **Income Fund.** A special fund is hereby created under this Resolution and designated the “Virginia Public School Authority Henrico County Income Fund” (the “Henrico County Income Fund”). Except as otherwise provided in Section 404 of this Resolution, the State Treasurer shall collect and deposit to the credit of the Henrico County Income Fund the principal of and the interest on the local school bonds held in the Henrico County Purchase Fund as such principal and interest become due and payable.

The moneys in the Henrico County Income Fund shall be held by the State Treasurer in trust and applied as hereinafter provided and, pending such application, shall be subject to a lien and charge in favor of the owners of the Bonds issued and outstanding under this Resolution and for the further security of such owners until paid out or withdrawn as herein provided.

Section 502. **Bond Fund.** (a) A special fund is hereby created under this Resolution and designated the “Virginia Public School Authority Henrico County Bond Fund” (the “Henrico County Bond Fund”).

The moneys in the Henrico County Bond Fund shall be held by the State Treasurer in trust and applied as hereinafter provided and, pending such application, shall be subject to a lien and charge in favor of the owners of the Bonds issued and outstanding under this Resolution and for the further security of such owners until paid out or transferred as herein provided.

(b) It shall be the duty of the State Treasurer, on or before each Deposit Day, to withdraw from the Henrico County Income Fund an amount equal to the amount of all moneys held for the credit of the Henrico County Income Fund on such Deposit Day, and to set aside:

(i) to the credit of the Henrico County Bond Fund such amount thereof (or the entire sum so withdrawn if less than the required amount) as may be required to make the amount then to the credit of the Henrico County Bond Fund equal to the interest that shall become due on the next Interest Payment Date and the principal that shall become due on the next Principal Payment Date; provided, however, that in making such transfers, the State Treasurer may take into account any accrued interest deposited from the proceeds of Bonds; and

(i) to the credit of the General Fund, the balance, if any, remaining after making the deposit under clause (i) above.

The payments and deposits required pursuant to this Section shall be cumulative, and the amount of any deficiency in any month shall be added to the amount otherwise required to be paid or deposited in each month thereafter until such time as such deficiency shall have been made up.

Section 503. **Application of Moneys in the Bond Fund.** Except as otherwise provided in this Resolution, moneys in the Henrico County Bond Fund shall be used solely for the

payment of the principal of and premium, if any, and the interest on the Bonds. The State Treasurer shall on each Interest Payment Date withdraw from such moneys and transfer to the Bond Registrar or Paying Agent, who shall remit by mail to each registered owner, the amounts required for paying the interest on such Bonds on such date, and on each Principal Payment Date, the State Treasurer shall withdraw from such moneys and transfer to the Bond Registrar or Paying Agent, who shall set aside in trust, the amounts required for paying the principal of the Bonds due on such date.

Section 504. Moneys Held in Trust. All moneys that the State Treasurer shall have withdrawn from the Henrico County Bond Fund or shall have received from any other source and set aside or transferred to the Bond Registrar or any Paying Agent for the purpose of paying any of the Bonds hereby secured, either at the maturity thereof or by purchase or call for redemption, or for the purpose of paying interest on the Bonds, shall be held in trust for the owners thereof. Except as otherwise provided in the Series Certificate, any moneys that are so set aside or transferred and that remain unclaimed by the owners of Bonds for a period of three (3) years after the date on which such Bonds have become payable shall be paid to the Authority, or to such successor as may then be entitled by law to receive the same, and thereafter the owners of such Bonds shall look only to the Authority, or to such successor, as the case may be, for payment and then only to the extent of the amounts so received, without any interest thereon, and the State Treasurer, the Bond Registrar, and any Paying Agent shall have no responsibility with respect to such money.

ARTICLE VI.

DEPOSITORIES OF MONEY, SECURITY FOR DEPOSITS AND INVESTMENT OF FUNDS

Section 601. **Security for Deposits.** All money deposited with the State Treasurer or any Depository hereunder in excess of the amount guaranteed by the Federal Deposit Insurance Corporation or other federal agency shall be continuously secured by such Depository, for the benefit of the Authority and owners of the Bonds, in the manner required and to the full extent permitted by the Virginia Security for Public Deposits Act (Chapter 44, Title 2.2, Code of Virginia, 1950, as amended), or any successor provision of law; provided, however, that it shall not be necessary for the Bond Registrar or any Paying Agent to give security for the deposit of any money with it for the payment of the principal of or redemption premium or the interest on any Bonds issued hereunder, or for any Depository to give security for any money that shall be represented by Government Obligations or by Investment Obligations described in clauses (a) (ii) and (iii) of the definition of “Investment Obligations” in Section 101 of this Resolution purchased under the provisions of this Article as an investment of such money.

Section 602. **Investment of Money.** Moneys held for the credit of all funds shall be continuously invested and reinvested by the Depository thereof at the direction of the Authority as specified or confirmed by the State Treasurer.

Moneys held for the credit of the Henrico County Purchase Fund, the Henrico County Income Fund and the Henrico County Bond Fund shall, as nearly as may be practicable, be invested and reinvested in Investment Obligations that shall mature, or that shall be subject to redemption at the option of the owner thereof, not later than the respective dates when the moneys held for the credit of said fund or account will be required for the purposes intended.

Investment Obligations so purchased shall be deemed at all times to be a part of the fund to which was credited the money with which they were purchased, and the interest accruing thereon and any profit realized or any loss resulting from the investment of money shall be credited to, or charged against, the respective fund or account. The State Treasurer and the Depositories shall sell at the best price obtainable or present for redemption or for payment any such Investment Obligations whenever it shall be necessary so to do in order to provide money to make any payment or transfer of money from any such fund or account. The State Treasurer and the Depositories shall not be liable or responsible for any loss resulting from any such investment.

Whenever a payment or transfer of moneys between two or more of the funds or accounts established pursuant to Article V of this Resolution is permitted or required, such payment or transfer may be made in whole or in part by transfer of one or more Investment Obligations at a value determined in accordance with this Article, provided that the Investment Obligations are those in which moneys of the receiving fund could be invested at the date of such transfer.

ARTICLE VII.

PARTICULAR COVENANTS

Section 701. **Payment of Principal, Interest and Premium.** The Authority covenants that it will promptly pay the principal of and the interest on every Bond issued under the provisions of this Resolution at the places, on the dates and in the manner provided herein and in said Bonds, and any premium required for the retirement of said Bonds by purchase or redemption, according to the true intent and meaning thereof, but solely from the payments on and the proceeds from the sale or other disposition of the local school bonds hereby pledged to the payment thereof in the manner and to the extent hereinabove particularly specified.

Section 702. **Assignment of Local School Bond Income.** The Authority hereby assigns, for the benefit of the owners, from time to time, of the Bonds, the payments of principal and interest on the local school bonds, pledged under Section 403 to the payment of the Bonds, to the Bond Registrar and agrees and directs that all such payments on the local school bonds shall be made directly to the Bond Registrar. The Bond Registrar is hereby directed to accept all such payments of principal and interest on the local school bonds and to apply such payments to the corresponding payments due on the Bonds.

Section 703. **Covenant to Perform.** The Authority shall faithfully perform at all times all of its covenants, undertakings and agreements contained in this Resolution and in any Bond executed, authenticated and delivered hereunder. The Authority represents that it is duly authorized under the Constitution and laws of the Commonwealth of Virginia, particularly the Enabling Act, to issue the Bonds authorized hereby and to adopt this Resolution and to pledge the local school bonds, in the manner and to the extent herein set forth as security for the Bonds; that all action on its part for the adoption of this Resolution has been duly and effectively taken. The Authority represents that the Bonds in the hands of the owners thereof are and will be valid and binding limited obligations of the Authority according to their terms.

In particular, the Authority covenants that it will take any and all action available to it under the laws of the Commonwealth of Virginia, including Section 15.2-2659, Article 7, Chapter 26, Title 15.2, Code of Virginia, 1950, as amended, to secure payment of the principal of and the interest on the local school bonds held in the Henrico County Purchase Fund, if payment of such principal and interest shall not be made when the same shall become due and payable.

Section 704. **Covenant as to Records and Accounts.** The Authority covenants that it will keep accurate records and accounts of the funds collected and of the application of such funds. Such records and accounts shall be open at all reasonable times to the inspection of the Bondowners and their agents and representatives.

Section 705. **No Additional Bonds.** The Authority covenants that it will not issue any bonds or incur any obligations, other than the Bonds, payable from, or with a lien or other claim on, the local school bonds or the income therefrom or the proceeds of the sale or other disposition thereof.

ARTICLE VIII.

EXECUTION OF INSTRUMENTS BY BONDOWNERS AND PROOF OF OWNERSHIP OF BONDS

Section 801. **Execution of Instruments and Proof of Ownership.** Any request, direction, consent or other instrument in writing required or permitted by this Resolution to be signed or executed by Bondowners may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Bondowners or their attorneys or legal representatives. Proof of the execution of any such instrument and of the ownership of Bonds shall be sufficient for any purpose of this Resolution and shall be conclusive with regard to any action taken by the Authority under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the verification of any officer in any jurisdiction who, by the laws thereof, has power to take affidavits within such jurisdiction, to the effect that such instrument was subscribed and sworn to before him, or by an affidavit of a witness to such execution. Where such execution is by an officer of a corporation or association or a member of a partnership on behalf of such corporation, association or partnership such verification or affidavit shall also constitute sufficient proof of his authority.

(b) The ownership of Bonds shall be proved by the registration books kept under the provisions of Section 206 of this Resolution.

Nothing contained in this Article shall be construed as limiting the Authority to such proof, it being intended that the Authority may accept any other evidence of the matters herein stated that it may deem sufficient. Any request or consent of the owner of any Bond shall bind every future owner of the same Bond in respect of anything done by the Authority in pursuance of such request or consent.

ARTICLE IX.

SUPPLEMENTAL RESOLUTIONS

Section 901. **Supplemental Resolutions Without Consent of Bondowners.** The Authority, from time to time and at any time without the consent of Bondowners, may adopt such resolutions supplemental hereto as shall be consistent with the terms and provisions of this Resolution (which supplemental resolutions shall thereafter form a part hereof):

(a) to cure any ambiguity or formal defect or omission, or to correct or supplement any provision herein that may be inconsistent with any other provision herein, or

(b) to grant to or confer upon the Bondowners any additional rights, remedies, powers, authority or security that may lawfully be granted to or conferred upon the Bondowners or to appoint a trustee for the benefit of the Bondowners, or

(c) to add to the conditions, limitations and restrictions thereafter to be observed by the Authority under the provisions of this Resolution, including, but not limited to, additional requirements imposed by virtue of a change of law, or

(d) to add to the covenants and agreements of the Authority in this Resolution other covenants and agreements thereafter to be observed by the Authority or to surrender any right or power herein reserved to or conferred upon the Authority, including, but not limited to, additional requirements imposed by virtue of a change of law, or

(e) to make any other change that, in the opinion of the Authority (expressed in such resolution), would not materially adversely affect the security for the Bonds.

Section 902. **Modification of Resolutions with Consent of Bondowners.** Subject to the terms and provisions contained in this Section, and not otherwise, the owners of not less than a majority in aggregate principal amount of the Bonds then outstanding shall have the right, from time to time, anything contained in this Resolution to the contrary notwithstanding, to consent to and approve the adoption by the Board of such resolution or resolutions supplemental hereto as shall be deemed necessary or desirable by the Board for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in this Resolution or in the Series Certificate or in a supplemental resolution; provided, however, that nothing herein contained shall permit, or be construed as permitting, without the consent of Bondowners (a) an extension of the maturity of the principal of or the interest on any Bond issued hereunder, or (b) a reduction in the principal amount of any Bond or the redemption premium or the rate of interest thereon, or (c) the creation of a lien upon or a pledge of funds other than the liens and pledges created or permitted by this Resolution, or (d) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (e) a reduction in the aggregate principal amount of the Bonds required for consent to such supplemental resolution. Nothing herein contained, however, shall be construed as making necessary the approval by the Bondowners of the adoption and acceptance of any supplemental resolution as authorized in Section 901 hereof.

The Secretary of the Authority shall cause notice of the proposed adoption of any such supplemental resolution to be mailed, postage prepaid, to all owners of Bonds at their addresses as they appear on the registration books. Such notice shall briefly set forth the nature of the proposed supplemental resolution and shall state that copies thereof are on file at the office of the State Treasurer for inspection by all Bondowners. The Authority shall not, however, be subject to any liability to any Bondowner by reason of its failure to mail the notice required by this Section, and any such failure shall not affect the validity of such supplemental resolution when consented to and approved as provided in this Section.

Whenever there shall be filed with the Secretary of the Authority an instrument or instruments in writing purporting to be executed by the owners of not less than a majority in aggregate principal amount of the Bonds then outstanding, which instrument or instruments shall refer to the proposed supplemental resolution described in such notice and shall specifically consent to and approve the adoption thereof in substantially the form thereof referred to in such notice, thereupon, but not otherwise, the Board may adopt such supplemental resolution substantially in such form, without liability or responsibility to any Bondowner, whether such Bondowner shall have consented thereto.

If the owners of not less than a majority in aggregate principal amount of the Bonds outstanding at the time of the adoption of such supplemental resolution shall have consented to and approved the adoption thereof as herein provided, no Bondowner shall have any right to object to the adoption of such supplemental resolution, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the adoption thereof, or to enjoin or restrain the Board from adopting the same or from taking any action pursuant to the provisions thereof.

Upon the adoption of any supplemental resolution pursuant to the provisions of this Section, this Resolution shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under this Resolution of the Authority and all Bondowners shall thereafter be determined, exercised and enforced in all respects under the provisions of this Resolution as so modified and amended.

Section 903. Supplemental Resolutions. Any supplemental resolution adopted and executed in accordance with the provisions of this Article shall thereafter form a part of this Resolution, and all of the terms and conditions contained in any such supplemental resolution as to any provision authorized to be contained therein shall be and shall be deemed to be part of the terms and conditions of this Resolution for any and all purposes. In case of the adoption of any supplemental resolution, express reference may be made thereto in the text of any Bonds issued thereafter, if deemed necessary or desirable by the Board.

ARTICLE X.

DEFEASANCE

Section 1001. **Defeasance.** When (a) the Bonds secured hereby shall have become due and payable in accordance with their terms or otherwise as provided in this Resolution, the whole amount of the principal and the interest so due and payable upon all Bonds shall be paid, (b) if the Bonds shall not have become due and payable in accordance with their terms, the Bond Registrar shall hold sufficient money or Defeasance Obligations, or a combination of money and Defeasance Obligations, the principal of and the interest on which, when due and payable, will provide sufficient money to pay the principal of, and the interest on, all Bonds then Outstanding to the maturity date or dates of such Bonds and (c) sufficient funds shall also have been provided or provision made for paying all other obligations payable hereunder by the Authority, then and in that case the right, title and interest of the Bond Registrar and the Bondholders in the Funds mentioned in this Resolution shall thereupon cease, determine and become void and, on demand of the Authority and upon being furnished with an opinion, in form and substance satisfactory to the Bond Registrar, of bond counsel to the Authority, to the effect that all conditions precedent to the release of this Resolution have been satisfied, the Bond Registrar shall release this Resolution and shall execute such documents to evidence such release as may reasonably be required by the Authority and shall turn over to the Authority any surplus in, and all balances remaining in, all Funds. Otherwise, this Resolution shall be, continue and remain in full force and effect; provided, that, in the event Defeasance Obligations shall be deposited with and held by the Bond Registrar as hereinabove provided, (a) the Bond Registrar shall nevertheless retain such rights, powers and privileges under this Resolution as may be necessary and convenient in respect of the Bonds for the payment of the principal and interest for which such Defeasance Obligations have been deposited, and (b) the Bond Registrar shall retain such rights, powers and privileges under this Resolution as may be necessary and convenient for the registration, transfer and exchange of Bonds.

(1) All money and Defeasance Obligations held by the Bond Registrar pursuant to this Section shall be held in trust and applied to the payment, when due, of the obligations payable therewith. If the Authority shall pay or cause to be paid to the owners of less than all of the outstanding Bonds the principal of and interest on such Bonds, or such portions thereof, which is and shall thereafter become due and payable upon such Bonds, or such portions thereof, such Bonds, or such portions thereof, shall cease to be entitled to any lien, benefit or security under this Resolution.

(2) Any outstanding Bond (or any portion thereof) shall be deemed to have been paid for the purposes of subsection (a) or (b) of this Section when (i) there shall have been deposited with the Bond Registrar or any other Depository either moneys in an amount which, or Defeasance Obligations the principal of and the interest on which when due, and without any reinvestment thereof, will provide moneys in an amount which, together with the moneys, if any, deposited with or held by the Bond Registrar or any Depository or Paying Agent and available therefor, shall be sufficient to pay when due the principal of and interest due and to become due on such Bond (or portion thereof) on or prior to the maturity date thereof, (ii) in the event such Bond is not to mature within the next succeeding sixty (60) days, the Authority shall have given

the Bond Registrar irrevocable instructions to give notice to the owner of such Bond (or portion thereof) stating that moneys or Defeasance Obligations have been deposited with the Bond Registrar or any other Depository as provided in this Article IX and that such Bond (or portion thereof) is deemed to have been paid in accordance with this Article and stating the maturity date upon which moneys are to be available for the payment of the principal thereof and interest thereon and (iii) provisions satisfactory to the Bond Registrar shall have been made for the payment of the Bond Registrar's fees and expenses, and any Paying Agent's or other Depository's fees and all fees and expenses payable by the Authority in connection with the defeasance of such Bond.

(3) The moneys and Defeasance Obligations deposited with the Bond Registrar or any other Depository pursuant to this Section and all payments of principal or interest on any such Defeasance Obligations shall not be withdrawn or used for any purpose other than, and shall be held in trust for, the payment of the principal of and interest on the Bonds (or portions thereof) deemed to have been paid in accordance with this Section.

(4) If Bonds (or portions thereof) are deemed to have been paid in accordance with the provisions of this Article by reason of the deposit with the Bond Registrar or any other Depository of moneys or Defeasance Obligations, no amendment to the provisions of this Section which would adversely affect the Owners of such Bonds (or portions thereof) shall be made without the consent of each Owner affected thereby.

(5) All money and Defeasance Obligations held pursuant to this Article shall be held in trust and applied to the payment, when due, of the Bonds (or portions thereof) payable therewith

ARTICLE XI.

MISCELLANEOUS PROVISIONS

Section 1101. **Effect of Dissolution of the Authority.** In the event of the dissolution of the Authority, all of the covenants, stipulations, obligations and agreements contained in this Resolution by or in behalf of or for the benefit of the Authority shall bind or inure to the benefit of the successor or successors of the Authority from time to time and any officer, board, commission, authority, agency or instrumentality to whom or to which any power or duty affecting such covenants, stipulations, obligations and agreements shall be transferred by or in accordance with law, and the word “Authority” as used in this Resolution shall include such successor or successors. If for any reason the State Treasurer shall at any time advise the Authority that he as such State Treasurer will no longer perform the duties imposed upon him by the provision of this Resolution, he shall deliver to the Treasurer of the Authority all property, obligations and moneys held by him under the provisions of this Resolution and his duties under the provisions of this Resolution shall thereafter devolve upon and be performed by the Treasurer of the Authority or by any trustee or Depository appointed by the Authority.

Section 1102. **Successorship of Depository, Bond Registrar and Paying Agent.** (a) Any bank or trust company with or into which any Bond Registrar, Depository or Paying Agent may be merged or consolidated, or to which the assets and business of such Bond Registrar, Depository or Paying Agent may be sold, shall be deemed the successor of such Bond Registrar, Depository or Paying Agent for the purposes of this Resolution. If the position of any Bond Registrar, Depository or Paying Agent shall become vacant for any reason, the Board, provided sufficient funds are available to pay all costs and expenses, if any, reasonably incurred by the Authority in connection therewith, shall appoint a bank or trust company having a combined capital surplus and undivided profits of not less than \$50,000,000 to fill such vacancy within thirty (30) days after the Authority receives notice of such vacancy.

(b) The Bond Registrar shall give notice of each appointment of such successor by mailing written notice of such event by first class mail, postage prepaid, to all registered owners of the Bonds at their addresses as they appear on the registration books. Neither the Authority nor the Bond Registrar, however, shall be subject to any liability to the Bondowners by reason of its failure to give any such notice.

Section 1103. **Manner of Giving Notice.** Any notice, demand, direction, request or other instrument authorized or required by this Resolution to be given to or filed with the Authority shall be deemed to have been sufficiently given or filed for all purposes of this Resolution if and when sent by overnight delivery or by registered mail, return receipt requested, to Virginia Public School Authority, c/o State Treasurer, P.O. Box 1879, Richmond, Virginia 23215-1879, or, if by hand or overnight mail, 101 North 14th Street, 3rd Floor, Richmond, Virginia 23219.

All documents received by the Authority under the provisions of this Resolution, or photographic copies thereof, shall be retained in its possession, subject at all reasonable times to the inspection of any Bondowner and the agents and representatives thereof.

Section 1104. **Substitute Mailing.** If, because of the temporary or permanent suspension of postal service, the Authority or the Bond Registrar shall be unable to mail any notice required to be given by the provisions of this Resolution, the Authority or the Bond Registrar shall give notice in such other manner as in the judgment of the Authority or the Bond Registrar shall most effectively approximate mailing, and the giving of notice in such manner shall for all purposes of this Resolution be deemed to be in compliance with the requirement for the mailing thereof.

Section 1105. **Effect of Partial Invalidity.** In case any one or more of the provisions of this Resolution or of the Bonds shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Resolution or of the Bonds, but this Resolution and the Bonds shall be construed and enforced as if such illegal or invalid provision had not been contained therein.

Section 1106. **Effect of Covenants.** All covenants, stipulations, obligations and agreements of the Authority contained in this Resolution shall be deemed to be covenants, stipulations, obligations and agreements of the Authority to the full extent authorized by the Enabling Act and permitted by the Constitution of Virginia. No covenant, stipulation, obligation or agreement contained herein shall be deemed to be a covenant, stipulation, obligation or agreement of any present or future member, officer, employee or agent of the Authority or the Board in his individual capacity, and neither the members of the Board nor any officer of the Authority executing the Bonds shall be liable personally on the Bonds or be subject to any personal liability or accountability by reason of the issuance thereof. No member, officer, employee or agent of the Authority or the Board shall incur any personal liability in acting or proceeding or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of this Resolution and the Enabling Act.

Section 1107. **No Recourse Against Members, Officers or Employees of Authority or Board.** No recourse under, or upon, any statement, obligation, covenant, or agreement contained in this Resolution; or in any Bond hereby secured; or in the Series Certificate; or in any document or certification whatsoever; or under any judgment obtained against the Authority or by the enforcement of any assessment or by any legal or equitable proceeding by virtue of any constitution or statute or otherwise or under any circumstances, shall be had against any member, officer or employee or agent of the Board or any officer, agent or employee of the Authority, as such, of the Authority either directly or through the Board or otherwise, for the payment for or to, the Authority or any receiver of either of them, or for, or to, any owner or otherwise, of any sum that may be due and unpaid upon any such Bond. Any and all personal liability of every nature, whether at common law or in equity or by statute or by constitution or otherwise, of any such member, officer or employee, as such, to respond by reason of any act or omission on his or her part or otherwise, for the payment for, or to, the Authority or any receiver of either of them, or for, or to, any owner or otherwise, of any sum that may remain due and unpaid upon the Bonds hereby secured or any of them, is hereby expressly waived and released as an express condition of, and in consideration for, the execution of this Resolution and the issuance of the Bonds.

Section 1108. **Laws of the Commonwealth Shall Govern.** This Resolution is adopted with the intent that the laws of the Commonwealth of Virginia shall govern its construction.

Adopted June 11, 2008

A Copy - Teste:

Assistant Secretary
Virginia Public School Authority

EXHIBIT A

FORM OF BOND

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY, A NEW YORK CORPORATION ("DTC"), TO THE AUTHORITY OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE, OR PAYMENT, AND ANY CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO. OR IN SUCH OTHER NAME AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC (AND ANY PAYMENT IS MADE TO CEDE & CO. OR TO SUCH OTHER ENTITY AS IS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF DTC), ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL INASMUCH AS THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

No. _____

\$ _____

United States of America
Commonwealth of Virginia

**VIRGINIA PUBLIC SCHOOL AUTHORITY
Special Obligation School Financing Bond
Henrico County Series 2008**

Maturity Date

Interest Rate

Dated Date

CUSIP

July 15, 20__

____%

July __, 2008

Registered Owner CEDE & CO.

Principal Amount _____ Dollars

Virginia Public School Authority (the "Authority"), a public body corporate and an agency and instrumentality of the Commonwealth of Virginia, by the Board of Commissioners of the Virginia Public School Authority (the "Board") as the governing body thereof, for value received, hereby promises to pay, from certain funds of the Authority (the "Pledged Funds"), to the registered owner named above, or registered assigns or legal representatives, on the maturity date set forth above, upon the presentation and surrender hereof at the office of the State Treasurer, Richmond, Virginia, acting as the Paying Agent, the principal amount set forth above in any coin or currency of the United States of America that on the date of payment thereof is legal tender for the payment of public and private debts, and to pay, from funds of the Authority, interest on said principal amount from the date hereof or from the January 15 or July 15 next preceding the date of authentication to which interest shall have been paid, unless such date of authentication is a January 15 or a July 15 to which interest shall have been paid, in which case from such date, at the interest rate per annum set forth above until payment of said principal

amount, such interest to the maturity hereof being payable, semiannually on the 15th days of January and July in each year, commencing January 15, 2009 in like coin or currency.

The interest so payable on any such interest payment date will be paid to the person in whose name this Bond (or the previous Bond or Bonds evidencing the same debt as that evidenced by this Bond) is registered at the close of business on the record date for such interest, which date shall be the 1st day (whether or not a Business Day) of the calendar month in which such interest payment date shall occur, by check or draft mailed to such person at his address as it appears on the bond registration books of the Authority.

This Bond shall not be deemed to constitute a debt of the Commonwealth of Virginia or a pledge of the faith and credit of the Commonwealth of Virginia, but shall be payable from the Pledged Funds of the Authority. Neither the faith and credit nor the taxing power of the Commonwealth of Virginia or of any political subdivision thereof is, or shall be, pledged to the payment of the principal of or the interest on this Bond.

This Bond is one of a duly authorized series of bonds (the “Bonds”), designated “Special Obligation School Financing Bonds, Henrico County Series 2008”, dated July __ 2008, and issued for the purpose of providing funds for the purchase of local school bonds, issued by Henrico County, Virginia, of a like principal amount, maturing in like principal installments as the Bonds (the “Local School Bonds”). The Bonds aggregate _____ Million Dollars (\$_____) in principal amount and mature on the 15th day of July in the following years and in the following amounts, respectively:

<u>Year Of</u> <u>Maturity</u>	<u>Principal</u> <u>Amount</u>	<u>Year of</u> <u>Maturity</u>	<u>Principal</u> <u>Amount</u>
2009	\$	2019	\$
2010		2020	
2011		2021	
2012		2022	
2013		2023	
2014		2024	
2015		2025	
2016		2026	
2017		2027	
2018		2028	

All of the Bonds are issued under and pursuant to a bond resolution duly adopted by the Board on June 11, 2008 (said resolution, together with all resolutions and certificates supplemental thereto as therein permitted, being herein called the “Resolution”). Reference is hereby made to the Resolution for the provisions, among others, with respect to the custody and application of the proceeds of bonds issued under the Resolution, the collection and disposition of funds, the funds charged with and pledged to the payment of the interest on and the principal of such bonds, the nature and extent of the security, the terms and conditions on which the bonds of each series are or may be issued, the rights, duties and obligations of the Authority and the

rights of the owners of such bonds, and, by the acceptance of this Bond, the owner hereof assents to all of the provisions of the Resolution.

This Bond is issued and the Resolution was adopted under and pursuant to the Constitution and laws of the Commonwealth of Virginia, particularly Chapter 11, Title 22.1, Code of Virginia, 1950, as amended (herein called the "Enabling Act").

The Bonds are payable from the Pledged Funds of the Authority, including, (i) payments of principal and interest, assigned to the Bond Registrar for the benefit of the owners from time to time of the Bonds, on the Local School Bonds purchased by the Authority and pledged to the payment of the Bonds in accordance with the Resolution and (ii) the proceeds of the sale of any such Local School Bonds.

The Bonds are issuable as registered bonds without coupons in denomination of \$5,000 or any whole multiple thereof. At the office of State Treasurer, Richmond, Virginia, acting as the Bond Registrar, in the manner and subject to the limitations and conditions provided in the Resolution, Bonds may be exchanged for an equal aggregate principal amount of Bonds of the same maturity, of authorized denominations and bearing interest at the same rate.

The Bonds maturing after July 15, 2018 may be redeemed prior to their respective maturities at the option of the Authority from any moneys that may be made available for such purpose, either in whole or in part, on any date not earlier than July 15, 2018, at the redemption price of par, together with interest accrued to the date fixed for redemption.

If less than all of the Bonds of any one maturity shall be called for redemption, the particular Bonds or portions thereof to be redeemed shall be selected as provided in the Resolution.

Any such redemption, either in whole or in part, shall be made upon not fewer than thirty (30) nor more than sixty (60) days prior notice by mailing as provided in the Resolution, and shall be made in the manner and under the terms and conditions provided in the Resolution, but any defect in such notice or the failure so to mail any such notice to any registered owners of Bonds shall not affect the validity of the proceedings for the redemption of any other Bonds.

Any notice of optional redemption of the Bonds may state that it is conditioned upon there being available an amount of money sufficient to pay the Redemption Price plus interest accrued and unpaid to the redemption date, and any conditional notice so given may be rescinded at any time before the payment of the Redemption Price if any such condition so specified is not satisfied. If a redemption does not occur after a conditional notice is given due to an insufficient amount of funds on deposit by the State Treasurer, the corresponding notice of redemption shall be deemed to be revoked.

If the Authority gives a conditional notice of redemption and money sufficient to pay the Redemption Price and interest, if any, accrued to the redemption date of the affected Bonds shall have been set aside in escrow with the State Treasurer or other Depository for the purpose of paying such Bonds or if the Authority gives an unconditional notice of redemption, then on the redemption date the Bonds will become due and payable. In either case, if on the redemption date the State Treasurer or other Depository holds sufficient money to pay the Bonds called for

redemption, thereafter no interest will accrue on those Bonds, and such Bonds shall cease to be entitled to any benefits or security or to be deemed outstanding under this Resolution, and the registered owners of such Bonds shall have no rights in respect thereof except to receive payment of the Redemption Price thereof, plus accrued interest, if any, to the date of redemption, and, to the extent provided in the Resolution, to receive Bonds for any unredeemed portions of Bonds. If a portion of this Bond shall be called for redemption, a new Bond or Bonds in principal amount equal to the unredeemed portion hereof will be issued to the registered owner upon the surrender hereof.

The owner of this Bond shall have no right to enforce the provisions of the Resolution, or to institute action to enforce the covenants therein, or to take any action with respect to any event of default under the Resolution, or to institute, appear in or defend any suit or other proceeding with respect thereto, except as provided in the Resolution.

Modifications or alterations of the Resolution may be made only to the extent and in the circumstances permitted by the Resolution.

The registration of this Bond may be transferred by the registered owner hereof in person or by his attorney or legal representative at the principal corporate trust office of the Bond Registrar, but only in the manner and subject to the limitations and conditions provided in the Resolution, and upon surrender and cancellation of this Bond. Upon any such registration of transfer, the Authority shall execute, and said registrar shall deliver in exchange for this Bond, a new registered Bond or Bonds without coupons, registered in the name of the transferee, of authorized denominations, in aggregate principal amount equal to the principal amount of this Bond, of the same maturity and bearing interest at the same rate.

This Bond is issued with the intent that the laws of the Commonwealth of Virginia shall govern its construction.

All acts, conditions and things required by the Constitution and laws of the Commonwealth of Virginia and by the bylaws and the rules and regulations of the Authority to happen, exist and be performed precedent to and in the issuance of this Bond and the adoption of the Resolution have happened, exist and have been performed as so required.

This Bond shall not be valid or become obligatory for any purpose or be entitled to any benefit or security under the Resolution until this Bond shall have been authenticated by the execution by the Bond Registrar of the certificate of authentication endorsed hereon.

IN WITNESS WHEREOF, Virginia Public School Authority, by the Board of Commissioners of the Virginia Public School Authority as the governing body thereof, has caused this Bond to bear the facsimile signatures of the Chairman and the Secretary of said Authority, and a facsimile of the official seal of said Authority to be imprinted hereon, all as of the ___th day of July, 2008.

Chairman of the
Virginia Public School Authority

Secretary of the
Virginia Public School Authority

CERTIFICATE OF AUTHENTICATION

This Bond is one of the bonds of the series designated herein and described in the within-mentioned Resolution.

State Treasurer of the Commonwealth of Virginia,
as Bond Registrar

By: _____
Authorized Signature

Date of authentication: _____

ASSIGNMENT

FOR VALUE RECEIVED, the undersigned registered owner hereby sells, assigns and transfers unto _____

[Please Print or Typewrite Name and Address of Transferee]

the within bond, and all rights thereunder, and hereby irrevocably constitutes and appoints _____ attorney to register the transfer of the within bond on the books kept for registration thereof, with full power of substitution in the premises.

Dated: _____

NOTICE: The signature to this assignment must correspond with the name as it appears upon the face of the within bond in every particular, without alteration or enlargement or any change whatever.

Signature Guaranteed* by: _____

*Signature(s) must be guaranteed by an “eligible guarantor institution” meeting the requirements of the Bond Registrar which requirements will include membership or participation in STAMP or such other “signature guarantee program” as may be determined by the Bond Registrar in addition to, or in substitution for, STAMP, all in accordance with the Securities Exchange Act of 1934, as amended.